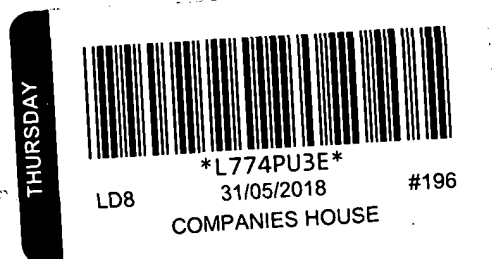


REGISTERED NUMBER: 05049457 (England and Wales)

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2017
for
IPP Properties No.2 Limited**



**Contents of the Financial Statements
for the year ended 31 December 2017**

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IPP Properties No.2 Limited

**Company Information
for the year ended 31 December 2017**

DIRECTORS:

G J Frost
M J Gregory
M A Anwer

SECRETARY:

A E Woods

REGISTERED OFFICE:

3 More London Riverside
London
SE1 2AQ

REGISTERED NUMBER:

05049457 (England and Wales)

AUDITOR:

Ernst & Young LLP
Statutory Auditor
London

**Report of the Directors
for the year ended 31 December 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company. The company owns the entire share capital of Derbyshire Schools Phase Two Limited, IPP Properties (Derbyshire Schools Phase Two) Limited and Long Eaton Schools Limited. These companies are the General Partner and Limited Partners respectively in the Derbyshire Schools Phase Two Partnership which is involved in the design, construction and maintenance services including related financing arrangements for two schools under a 26 year PFI concession arrangement with Derbyshire County Council. The company also owned the entire share capital of Newbold (Derbyshire Schools Phase Two) Limited, a property co-trustee company.

REVIEW OF BUSINESS

The profit for the financial year of £527,000 (2016: 712,000) has been transferred to reserves.

Both the level of business and the year end financial positions were in line with budgets and expectations.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

FUTURE DEVELOPMENTS

The company will continue to act as holding company to Derbyshire Schools Phase Two Limited, IPP Properties (Derbyshire Schools Phase Two) Limited, Long Eaton Schools Limited and Newbold (Derbyshire Schools Phase Two) Limited.

DIVIDENDS

The directors decided to authorise the payment of a dividend of £527,000 (2016: £712,000).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

G J Frost
M J Gregory
M A Anwer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


IPP Properties No.2 Limited (Registered number: 05049457)

**Report of the Directors
for the year ended 31 December 2017**

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

ON BEHALF OF THE BOARD:


.....
M A Anwer - Director

Date: 17 April 2018

Independent Auditor's Report to the Members of IPP Properties No.2 Limited

Opinion

We have audited the financial statements of IPP Properties No.2 Limited for the year ended 31 December 2017 which comprise of the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the Members of
IPP Properties No.2 Limited**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Rebecca Turner (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London

Date: 19th April 2018

IPP Properties No.2 Limited (Registered number: 05049457)

**Statement of Comprehensive Income
for the year ended 31 December 2017**

	Notes	2017 £	2016 £
TURNOVER		<u>-</u>	<u>-</u>
OPERATING PROFIT	3	-	-
Income from shares in group undertakings	4	<u>527,000</u>	<u>712,000</u>
PROFIT BEFORE TAXATION		527,000	712,000
Tax on profit	5	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		527,000	712,000
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>527,000</u>	<u>712,000</u>

The notes form part of these financial statements

IPP Properties No.2 Limited (Registered number: 05049457)

Balance Sheet
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Investments	7	4	4
CURRENT ASSETS			
Debtors	8	1	1
CREDITORS			
Amounts falling due within one year	9	<u>(4)</u>	<u>(4)</u>
NET CURRENT LIABILITIES		<u>(3)</u>	<u>(3)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	10	<u>1</u>	<u>1</u>
SHAREHOLDERS' FUNDS		<u>1</u>	<u>1</u>

The financial statements were approved by the Board of Directors on 17 April 2018 and were signed on its behalf by:



.....
M J Gregory - Director

The notes form part of these financial statements

IPP Properties No.2 Limited (Registered number: 05049457)

**Statement of Changes in Equity
for the year ended 31 December 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	1	-	1
Changes in equity			
Dividends (note 6)	-	(712,000)	(712,000)
Total comprehensive income	-	712,000	712,000
Balance at 31 December 2016	<u>1</u>	<u>-</u>	<u>1</u>
Changes in equity			
Dividends (note 6)	-	(527,000)	(527,000)
Total comprehensive income	-	527,000	527,000
Balance at 31 December 2017	<u>1</u>	<u>-</u>	<u>1</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 December 2017**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared under the historical cost convention and in accordance with UK Accounting Standards, and are presented in pound sterling which is the functional currency of the company.

Statement of compliance

IPP Properties No.2 Limited is a limited company incorporated in England. The Registered Office is 3 More London Riverside, London SE1 2AQ. The financial statements have been prepared in compliance with FRS 102 and the Companies Act 2006 for the year ended 31 December 2017.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company is a qualifying entity as defined by FRS 102. Consequently, the company has taken advantage of the disclosure exemption set out in Section 1.12 not to prepare a statement of cashflows.

Preparation of consolidated financial statements

The financial statements contain information about IPP Properties No.2 Limited, as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in consolidated financial statements of its International Public Partnerships Limited Partnership.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The directors believe the going concern basis to be appropriate as Derbyshire Schools Phase Two Partnership has committed banking facilities to cover all projected expenditure during construction and is sufficiently cash generative thereafter to fully repay the debt and other expenses.

Investments

Investments are stated at cost less provision for any impairment in value.

Related party disclosures

The company has taken advantage of the exemption in Section 33.1 A Related Party Disclosures not to disclose related party transactions between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in administrative expenses.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

2. EMPLOYEES AND DIRECTORS

The company has no employees and hence there were no staff costs for the year ended 31 December 2017 (2016: £nil).

3. OPERATING PROFIT

The directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the company (2016: £nil). The audit fee of £1,025 (2016: £1,000) for the company is borne by Derbyshire Schools Phase Two Partnership.

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

Income from shares in group undertakings represents dividends received from the Company's subsidiary undertakings during the year

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Notes to the Financial Statements - continued
for the year ended 31 December 2017

5. TAXATION – Continued

	2017 £	2016 £
Current tax:		
UK corporation tax	—	—
Tax on profit	—	—

6. DIVIDENDS

	2017 £	2016 £
Ordinary share of £1	527,000	712,000

7. FIXED ASSET INVESTMENTS

	Interest in other participating interests £
COST	
At 1 January 2017 and 31 December 2017	4
NET BOOK VALUE	
At 31 December 2017	4
At 31 December 2016	4

	Ordinary Shares £1	Nature of Business	Ownership
Derbyshire Schools Phase Two Limited	1	see below	100%
IPP Properties (Derbyshire Schools Phase Two) Limited	1	see below	100%
Long Eaton Schools Limited	1	see below	100%
Newbold (Derbyshire Schools Phase Two) Limited	1	see below	100%

The above companies are wholly owned by IPP Properties No 2 Limited and are general or limited partners in partnerships which are involved in the design, construction and maintenance services including related financing arrangements for two schools under a 26 year PFI concession arrangement with Derbyshire County Council, with the exception of Newbold (Derbyshire Schools Phase Two) Limited which is a property co-trustee company.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Amounts owed by group undertakings	1	1

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Amounts owed to group undertakings	4	4

IPP Properties No.2 Limited (Registered number: 05049457)

**Notes to the Financial Statements - continued
for the year ended 31 December 2017**

10. CALLED UP SHARE CAPITAL

Allotted and issued:		Nominal value:	2017 £	2016 £
Number:	Class:			
1	Ordinary	£1	<u>1</u>	<u>1</u>

11. RESERVES

	Retained earnings £
Profit for the year	527,000
Dividends (note 6)	<u>(527,000)</u>
At 31 December 2017	<u>-</u>

12. ULTIMATE CONTROLLING PARTY

The directors regard IPP (PPP) Limited, a company incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited a company registered in Guernsey as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited Partnership (the smallest and largest group of which the company is a member and for which group financial statements are prepared) can be obtained from the registered address at 3 More London Bridge, London, SE1 2AQ.